

Message Text

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ACTION EUR-12

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TAGS PINT, ECON, CA

SUBJECT: PROVINCIAL OPPOSITION PARTIES BACK PQ ON SALES ISSUE

REF: MONTREAL 798

1. IN A RARE SHOW OF UNANIMITY, THE NATIONAL ASSEMBLY PASSED WITHOUT OPPOSITION LATE LAST WEEK A MOTION SUPPORTING THE PQ GOVERNMENT'S POSITION ON THE SALES TAX ISSUE. THE MOVE CONSTITUTES A TURNAROUND FOR THE PROVINCIAL LIBERAL PARTY, WHICH HAD EARLIER CONDEMNED THE GOQ'S POSITION, ALBEIT IN GENERAL TERMS.

2. THE GOQ IS CLEARLY ELATED OVER THE POPULAR SUCCESS OF ITS COUNTERPROPOSAL, WHICH CALLS FOR COMPLETE ABOLITION OF THE SALES TAX ON CLOTHING, TEXTILES, FURNITURE, AND FOOTWEAR, AS OPPOSED TO OTTAWA'S RECOMMENDATION FOR AN ACROSS THE BOARD REDUCTION OF THREE PERCENT. FINANCE MINISTER PARIZEAU HAS REFUSED TO CHANGE THE GOQ'S COUNTERPROPOSAL SINCE HE FIRST MADE IT APRIL 17. THE SUCCESS OF HIS INITIATIVE COMES AT A GOOD TIME FOR THE PARTI QUEBECOIS, WHICH HAD BEEN BUFFETTED IN RECENT WEEKS BY SLIPPING STATURE IN THE POLLS AND THE ELECTION OF CLAUDE RYAN TO THE LIBERAL PARTY LEADERSHIP. PRIME MINISTER LEVESQUE EXULTED

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OPENLY OVER THE UNITED QUEBEC POSITION DURING AN ADDRESS TO THE ANNUAL MEETING OF THE PQ PARTY'S NATIONAL COUNCIL OVER THE WEEKEND, AND THREATENED POSSIBLE PQ "PARTICIPATION" IN THE NEXT FEDERAL ELECTION IF OTTAWA DOES NOT CHANGE ITS TUNE ON THE SALES TAX ISSUE (DETAILS ON COUNCIL MEETING BEING REPORTED BY SEPTTEL). PARIZEAU HIMSELF WAS GIVEN A THUNDEROUS STANDING OVATION WHEN HE APPEARED AT THE MEETING, AN OVATION

GREATER THAN THAT RECEIVED BY LEVESQUE HIMSELF, AND ALL THE MORE REMARKABLE BECAUSE PARIZEAU HAS IN THE PAST BEEN VIEWED WITH SUSPICION BY THE "PROGRESSIVE" WING OF THE PARTY.

3. IN ANNOUNCING THE REVISED LIBERAL POSITION, PARTY FINANCE CRITIC ANDRE RAYNAULD SAID THAT THE PARTY "RECOGNIZES THE RIGHT OF QUEBEC TO FULL AND COMPLETE COMPENSATION (FROM OTTAWA) EQUIVALENT TO THE SUMS GIVEN THE OTHER PROVINCES," ADDING THAT " ON THE PRINCIPLES OF THEAUTONOMY OF QUEBEC, THE LIBERALS ARE IN COMPLETE AGREEMENT (WITH THE PQ GOVERNMENT)." UNION NATIONALE LEADER RODRIGUQ BIRON, WHO HAD BACKED PARIZEAU ON THIS ISSUE FROM THE BEGINNING WHILE ATTACKING OTHER ASPECTS OF THE PQ BUDGET, TERMS THE QUARREL NOT A DISPUTE BETWEEN THE PQ AND OTTAWA, BUT BETWEEN "ALL QUEBECKERS ON THE ONE HAND, AND TRUDEAU AND CHRETIEN ON THE OTHER."

4. COMMENT: ALTHOUGH THE LIBERAL REVERSAL HAS COME AS SOMETHING OF A SURPRISE, IT IS CONSISTENT WITH NEW LEADER CLAUDE RYAN'S LONG STANDING POSITION AGAINST FEDERAL ENCROACHMENT OF PROVINCIAL PREROGATIVES. THE LIBERAL REACTION HAD BEEN DELIVERED BY RAYMOND GARNEAU, WHO HAD JUST BEEN DEFEATED BY RYAN FOR THE PARTY LEADERSHIP. RYAN HIMSELF HAD REFRAINED FROM COMMENTING DIRECTLY ON THE FEDERAL SALES-TAX PROPOSAL.

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